

Who Needs Affordable Housing?

What Is “Low Income” and “Very Low Income”?

In the Bay Area, housing costs are not in sync with wages. The median rent for a vacant one-bedroom apartment in San Francisco has increased more than 56% --from \$800 to \$1245 -- in the past four years. Wages however, have not increased by 56%. And there is no market mechanism to bring housing costs and wages into sync. In other words, many people who work at decent jobs can not afford the cost of housing in the Bay Area.

According to the federal government, housing is considered “affordable” if it consumes no more than 30 percent of a household’s income. “Affordable housing” is developed using government assistance to ensure that housing costs do not exceed this level. Only households which meet certain income restrictions qualify for affordable housing: they must have an income that equals or exceeds a lower limit and their income must not exceed an upper limit.

Under the federal government’s definitions, a family is considered “low income” if the household income is below 80 percent of an area’s median income (AMI) after adjustment for family size; similarly, a family whose income is below 50 percent of AMI is considered “very low income” (after adjustment for family size.) For example, in 1995 the area median income for Alameda County was \$55,400 per year for a family of four. A typical family of four qualifying for affordable housing makes about \$30,000 per year which is 55% of Alameda’s median income.

Most residents of affordable housing work. The terms “low income” and “very low income” can be confusing. The following are examples of various jobs in Contra Costa County which pay salaries that qualify as “low income” and “very low income” under the federal government’s definitions:

“Low Income”

(Below 80 percent of area median income for a family of four)

<i>Job Title</i>	<i>Annual Salary</i>
Truck Driver	\$30,100
Legal Clerk	\$34,260
Deputy Sheriff	\$40,398
Firefighter	\$43,506

“Very Low Income”

(Below 50 percent of area median income for a family of four)

<i>Job Title</i>	<i>Annual Salary</i>
Nurses Aide	\$11,500
Accounting Clerk	\$17,000
Legal Secretary	\$23,920

Actual occupations and employers of residents of an affordable housing complex in San Jose:

<u>Company Name</u>	<u>Occupation</u>
Aurelia's Hair Time	Beautician
Budget Rent A Car	Administrative Assistant
Capezio Factory Outlet	Sales
Capitol Honda	Receptionist
City of San Jose	Typist Clerk II
County of Santa Clara	Child Counselor
CRX Telecom Corporation	Receptionist/Clerk
Danforth Biomed, Inc.	Technician
Emporium	Store Detective
Food 4 Less	Cashier
IBM Corporation	Associate Engineer
Kaiser Hospital	Staff Assistant
Micro Chassis	Welder
Safeway	Checker
San Jose State University	Instruction Assistant
San Jose Unified School Dst.	Bus Driver
South Bay Pontiac/Cadillac	Installer/Technician
Sorrento Cheese Company	Machine Operator
Spar Logic	Accountant
Studio 5 Clothing	Manager
Tropicana Foods	Cashier
Western Speciality Products	Stone Cutter

Sources: San Francisco Bay Guardian, 10/7/98, p. 17; Non-Profit Housing Association of Northern California; Good Neighbors: Affordable Family Housing, Jones, Pettus & Pyatok (1997); Annual Planning Information, Contra Costa County, 1993; Marin Independent Journal, 2/23/97; City of San Jose Memorandum, 1/3/95.